*Department of Finance*

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# News Release

Immediate release

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## Canada takes lead international role in combating terrorist financing and money laundering

The Honourable Jim Flaherty, Minister of Finance and Minister responsible for the GTA, and the Honourable Stockwell Day, Minister of Public Safety, today re-affirmed Canada's commitment to keeping Canada safe from terrorism, by announcing new measures to combat terrorist financing and money laundering.

"Canada's new government will be relentless in its efforts to prevent terrorist crimes," Minister Flaherty said. "We are taking an international leadership role to combat terrorist financing by devoting substantial new funding to bolster our analytic, investigative and prosecution resources."

Minister Flaherty announced that Toronto has been selected as the permanent headquarters of the secretariat of the Egmont Group. An organization of 101 of the world's financial intelligence units, the group includes the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC). Canada's new government will contribute $5 million over the next five years to help the secretariat get established.

"This government has announced significant new measures to help increase Canada's capability to detect and respond to a potential terrorist attack," said Minister Day. "Whether it is strengthening our own laws, enhancing transportation and border security, working with international allies, or combating the crime of terrorist financing, we are taking action to protect Canadians."

"The effective international exchange of financial intelligence can play an important role in the investigation and prosecution of both money laundering and terrorist activity financing," said FINTRAC Director Horst Intscher.

Minister Flaherty also announced that Frank Swedlove is the first Canadian to assume the position of president of the Financial Action Task Force (FATF). The FATF is an international body that develops and promotes policies to combat money laundering and terrorist financing. Mr. Swedlove, assumed the presidency this month and will hold it for one year.

"The role of the FATF is vital because money laundering and terrorist financing are international problems that must be addressed with a truly global approach," said Mr. Swedlove.

In addition, Minister Flaherty announced Canada has joined the Asia/Pacific Group on Money Laundering, an independent regional body modelled on FATF principals. Canada has been an observer since 2000 in the 31-country organization. The Asia/Pacific region is of strategic importance to Canada in the fight against money laundering and terrorist financing.

Budget 2006 committed $64.4 million to enhance Canada's capacity to fight money laundering and terrorist financing. The government is also planning to introduce legislation at the earliest opportunity that will improve monitoring and enforcement and strengthen FINTRAC's intelligence efforts.

As of March 31, 2005, FINTRAC had made more than 442 case disclosures to enforcement and security agencies, identifying thousands of individuals and businesses and tens of thousands of suspect financial transactions.

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## Backgrounder

### Egmont Group Secretariat

The Egmont Group is an international organization of financial intelligence units (FIUs) formed in 1995, dedicated to promoting and enhancing international cooperation and capacity building in anti-money laundering and anti-terrorist financing. Egmont currently has a membership of more than 100 FIUs and Canada's FIU, the Financial Transactions and Reports Analysis Centre (FINTRAC), has been an active member since June 2002. Since joining the group, FINTRAC has become a significant contributor, with the Director of FINTRAC chairing the Information Technology Working Group, and being vice-chair of the Egmont Steering Committee. The Egmont Group meets three times a year.

### Financial Action Task Force

The Financial Action Task Force (FATF) is an international body that develops and promotes policies to combat money laundering and terrorist financing. The FATF was established by the Group of Seven in 1989. The FATF published a series of Forty Recommendations in 1990, which were revised in 2003. These provide a complete set of counter-measures against money laundering. In 2001, the FATF added terrorist financing to its mandate and subsequently issued Nine Special Recommendations to combat terrorist financing activities. These combined FATF Recommendations have become the global standard against which national anti-money laundering and anti-terrorist financing regimes are now judged.

FATF member countries are strongly committed to the discipline of multilateral monitoring and peer review. Each member of the FATF is periodically examined by its peers to assess the effective implementation of its anti-money laundering and anti-terrorist financing measures to highlight areas where further progress is needed.

Canada is a founding member of the FATF and has played an active role in the organization. Canada was last assessed by the FATF in 1997 and will be reassessed in early 2007.

### Asia/Pacific Group

The Asia/Pacific Group on Money Laundering is one of eight independent regional bodies that are modelled on the principles of the Financial Action Task Force. Established in 1997, the Asia/Pacific Group on Money Laundering uses the Financial Action Task Force's 40 Recommendations and 9 Special Recommendations as its primary guidelines for implementing effective anti-money laundering and counter-terrorism financing measures within its 31 member jurisdictions. The list of member and observer jurisdictions includes the U.S., Japan, Korea, Australia, New Zealand, India, Pakistan and Indonesia.

**Canada has been an observer in the Asia/Pacific Group on Money Laundering since 2000 and as such, has participated in the annual plenary meetings as well as typology workshops. Canada has recently been accepted as a full member of this body.**